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# India–UAE Strategic Partnership — Doubling Trade to USD 200 Billion by 2032

20 January 2026

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# India–UAE Strategic Partnership — Doubling Trade to USD 200 Billion by 2032

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## WHY IN NEWS

India and UAE announced a pledge to double bilateral trade from ~USD 85 billion to USD 200 billion by 2032, alongside a USD 3 billion LNG deal between ADNOC Gas and HPCL, UAE investment in Dholera SIR, a strategic defence partnership letter of intent, and plans to establish a “House of India” in Abu Dhabi.

## THE SCALE OF INDIA–UAE TIES

The India–UAE relationship has evolved from a primarily labour-remittance corridor into one of India’s most multidimensional bilateral partnerships. With 3.5 million Indians in the UAE — the largest expatriate community there — people-to-people ties underpin the economic relationship. But the 2020s have seen a structural shift: the relationship is now driven by high-value trade, energy security, technology cooperation, and strategic alignment.

### Key trade data:

India–UAE bilateral trade (2023–24): **~USD 84.5 billion**

India’s exports to UAE: ~USD 35 billion (machinery, pearls, precious metals, electronic components, textiles)

India’s imports from UAE: ~USD 50 billion (petroleum products, gold, diamonds, plastic)

UAE rank in India’s trade: **2nd largest export destination; 3rd largest trading partner**

## THE COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT (CEPA)

The India–UAE CEPA, signed on **February 18, 2022**, and effective from **May 1, 2022**, is the centrepiece of the expanded economic relationship. It was India’s **fastest-concluded free trade agreement** — negotiations concluded in 88 days — and India’s first CEPA in over four years (after the ASEAN, Japan, South Korea, and Singapore agreements of the 2010s).

### CEPA provisions:

Zero duty on ~99% of Indian products (covering ~90% of exports by value)

Services liberalisation in 100+ sub-sectors

Investment facilitation provisions

Bilateral trade target at time of signing: USD 100 billion within 5 years (now upgraded to USD 200 billion by 2032)

Provisions for Rupee trade settlements — reducing USD dependence

## THE JANUARY 2026 ANNOUNCEMENTS: THREE PILLARS

### 1. ENERGY SECURITY — ADNOC GAS–HPCL LNG DEAL

ADNOC Gas (a subsidiary of Abu Dhabi National Oil Company, fully listed on Abu Dhabi Securities Exchange since 2022) will supply **Liquefied Natural Gas (LNG) to HPCL (Hindustan Petroleum Corporation Limited)** worth **USD 3 billion over 10 years**.

#### Why this matters for India:

India is the world's 4th largest LNG importer

LNG demand is projected to grow as India transitions from coal and oil to cleaner natural gas

India's gas share of energy mix: ~6.3% (target: 15% by 2030 under the National Gas Grid plan)

This deal diversifies India's LNG sourcing away from Qatar (currently largest supplier) and Australia

ADNOC is already invested in India — it has a stake in Jio-bp's fuel retail network and has explored Petrochemicals investments in India

### 2. INVESTMENT AND INFRASTRUCTURE — DHOLERA SIR

UAE's commitment to participate in **Dholera Special Investment Region (SIR)** in Gujarat is significant:

Dholera SIR: One of India's largest greenfield smart cities; ~920 sq. km; located 100 km from Ahmedabad; part of the **Delhi-Mumbai Industrial Corridor (DMIC)**

DMIC: 1,500 km economic corridor linking Delhi to Mumbai; 11 industrial cities being developed

UAE's role: Investment in manufacturing and logistics parks, warehousing, real estate development

Semiconductor importance: Dholera is one of the sites selected for India's Semiconductor Mission (Tata Electronics is building a Rs 91,000 crore fab at Dholera)

### 3. DEFENCE — STRATEGIC PARTNERSHIP LETTER OF INTENT

The Strategic Defence Partnership letter of intent covers:

**Defence manufacturing cooperation** — UAE is exploring co-production of Indian defence systems

**Procurement** — India may supply ammunition, naval vessels, patrol boats to UAE

**Technology transfer** — UAE is building its indigenous defence industry (EDGE Group)

**Intelligence and security cooperation**

India's defence exports have grown from ₹686 crore (FY2013–14) to ~₹23,622 crore (FY2025–26), with the UAE as a significant buyer of Indian defence products.

## INDIA'S BROADER WEST ASIA STRATEGY

India's engagement with the UAE sits within a broader West Asia/Gulf strategy guided by several imperatives:

**Energy security:** India imports 85–88% of its crude oil; Gulf states account for ~60–65% of these imports. Saudi Arabia, Iraq, UAE, and Kuwait are among the top five crude suppliers.

**Remittances:** Gulf Cooperation Council (GCC) countries account for ~55% of India's total remittances (~USD 25 billion annually from GCC alone out of India's total USD 120+ billion).

**Diaspora diplomacy:** 9 million Indians in the Gulf are a diplomatic asset. The Modi government has elevated diaspora engagement (Pravasi Bharatiya Sammelan, community events during state visits).

**I2U2 grouping:** India, Israel, UAE, and US form the I2U2 (India-Israel-UAE-USA) group — focused on investment in food, water, energy, and health. The UAE is also a partner in the India-Middle East-Europe Economic Corridor (IMEC), announced at G20 New Delhi Summit (September 2023).

**China-balancing:** UAE is a key node in China's Belt and Road Initiative, but India's CEPA and expanded partnerships represent a credible alternative economic relationship for the UAE. The two countries have navigated this carefully.

## HOUSE OF INDIA IN ABU DHABI

The "House of India" in Abu Dhabi will serve as a cultural, commercial, and consular hub — facilitating trade, tourism, and people-to-people links. It builds on India's existing cultural footprint in the UAE (the Hindu Mandir inaugurated in Abu Dhabi in February 2024 was a milestone).

**UPSC RELEVANCE**

India–UAE CEPA (February 18, 2022; effective May 1, 2022); trade target USD 200 billion by 2032; ADNOC Gas–HPCL LNG deal (USD 3 billion; 10 years); Dholera SIR (Gujarat, DMIC node); I2U2 grouping; IMEC announcement (G20 New Delhi, September 2023); India’s LNG rank (4th largest importer); India defence exports FY26 (~₹23,622 crore)

**MAINS GS-2:**

“Evaluate the strategic significance of the India–UAE bilateral relationship and how it reflects India’s West Asia policy.” | “How has the India–UAE CEPA transformed the bilateral economic relationship?”

**MAINS GS-3:**

“Examine India’s energy diplomacy in the Gulf — diversification of LNG suppliers and oil import strategy.”

**INTERVIEW:**

“What is the significance of I2U2 for India’s emerging middle-power diplomacy?”

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**INDIA–UAE TRADE:**

- Bilateral trade (2023-24): ~USD 84.5 billion
- New target: USD 200 billion by 2032
- India's exports to UAE: ~USD 35 billion (machinery, precious metals, electronic goods)
- India's imports from UAE: ~USD 50 billion (petroleum, gold, diamonds)
- UAE rank: 2nd largest export destination; 3rd largest trading partner for India
- Indian diaspora in UAE: ~3.5 million (largest expatriate community in UAE)

**INDIA–UAE CEPA:**

- Signed: February 18, 2022 | Effective: May 1, 2022
- Fastest India FTA: Negotiations completed in 88 days
- Duty-free: ~99% Indian products; ~90% of export value
- Services: 100+ sub-sectors liberalised
- Original trade target (2022): USD 100 billion in 5 years
- Updated target (2026): USD 200 billion by 2032

**ADNOC GAS–HPCL LNG DEAL:**

- Value: USD 3 billion | Tenor: 10 years
- ADNOC: Abu Dhabi National Oil Company; HPCL: Hindustan Petroleum Corporation Limited
- India's LNG import rank: 4th largest globally
- India's gas share of energy mix: ~6.3% (target: 15% by 2030)

**DHOLERA SPECIAL INVESTMENT REGION:**

- Location: Gujarat (100 km from Ahmedabad)
- Size: ~920 sq. km (one of India's largest)
- Part of: Delhi-Mumbai Industrial Corridor (DMIC)
- Semiconductor fab: Tata Electronics — Rs 91,000 crore investment; part of India Semiconductor Mission

**INDIA'S WEST ASIA STRATEGIC ARCHITECTURE:**

- I2U2 (India-Israel-UAE-USA): Food, water, energy, health cooperation
- IMEC (India-Middle East-Europe Economic Corridor): Announced G20 New Delhi, September 2023; shipping + rail corridor from India via Gulf to Europe
- Gulf remittances: ~USD 25 billion/year from GCC (out of India's total USD 120+ billion)
- Gulf crude supply: ~60-65% of India's oil imports (Iraq, Saudi Arabia, UAE, Kuwait, Oman are top suppliers)

**INDIA'S DEFENCE EXPORTS:**

- FY2013-14: ₹686 crore | FY2025-26: ~₹23,622 crore
- Target: ₹50,000 crore (USD 5 billion) by FY2028-29
- Major importers: Armenia, Maldives, Sri Lanka, UAE, Mauritius, Egypt, USA

Sources: Insights on India, AffairsCloud, MEA India

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